SEC. 803. LOW-RATE INITIAL PRODUCTION

(a) IN GENERAL.—Chapter 141 of title 10, United States Code, is amended by inserting after section 2399 (as added by section 802) the following new section:

**§ 2400. Low-rate initial production of new systems

"(a) DETERMINATION OF QUANTITIES TO BE PROCURED FOR LOW-RATE INITIAL PRODUCTION.—(1) In the course of the development of a major system, the determination of what quantity of articles of that system should be procured for low-rate initial production (including the quantity to be procured for preproduction verification articles) shall be made—

"(A) when the milestone II decision with respect to that system is made; and

"(B) by the official of the Department of Defense who makes that decision.

"(2) In paragraph (1), the term 'milestone II decision' means the decision to approve the full-scale engineering development of a major system by the official of the Department of Defense designated to have the authority to make that decision.

"(3) Any increase from a quantity determined under paragraph (1) may only be made with the approval of the official making the determination.

"(4) The Secretary of Defense shall include a statement of the quantity determined under paragraph (1) in the first SAR submitted with respect to the program concerned after that quantity is determined. For purposes of the preceding sentence, the term 'SAR' means a Selected Acquisition Report submitted under section 2432 of this title.

"(b) LOW-RATE INITIAL PRODUCTION OF WEAPON SYSTEMS.—Except as provided in subsection (c), low-rate initial production with respect to a new system is production of the system in the minimum quantity necessary—

"(1) to provide production-configured or representative articles for operational tests pursuant to section 2399 of this title;

"(2) to establish an initial production base for the system; and

"(3) to permit an orderly increase in the production rate for the system sufficient to lead to full-rate production upon the successful completion of operational testing.

"(c) LOW-RATE INITIAL PRODUCTION OF NAVAL VESSEL AND SATELLITE PROGRAMS.—(1) With respect to naval vessel programs and military satellite programs, low-rate initial production is production of items at the minimum quantity and rate that (A) preserves the mobilization production base for that system, and (B) is feasible, as determined pursuant to regulations prescribed by the Secretary of Defense.

"(2) For each naval vessel program and military satellite program, the Secretary of Defense shall submit to Congress a report providing— Reports.

"(A) an explanation of the rate and quantity prescribed for low-rate initial production and the considerations in establishing that rate and quantity;

"(B) a test and evaluation master plan for that program; and

"(C) an acquisition strategy for that program that has been approved by the Secretary, to include the procurement objec-